

2 February 1968

MEMORANDUM FOR THE RECORD

SUBJECT: Foreign Service Annuities Adjustment Act of 1967

1. H. R. 14701 was introduced on 18 January 1968 by Representative Wayne Hays (D., Ohio), Chairman of the Subcommittee on State Department Organization and Foreign Operations, House Foreign Affairs Committee. It is a "clean" bill version of S. 2003, which passed the Senate 27 July 1967, and provided cost-of-living adjustments equal to those in force and effect under the Civil Service Retirement System and increased the maximum annuity under the Foreign Service System to 80 percent.

2. One of the new features in H. R. 14701 is a more liberal retirement proposal for members of Congress. This proposal is set forth in Section 6 of H. R. 14701 and has been pending before the House Post Office and Civil Service Committee in other bills.

3. In connection with the Foreign Service Retirement System, however, H. R. 14701 also contains a provision which was not in the Senate passed S. 2003. In brief, the new provision increases the number of annuitants who would be eligible for any one cost-of-living increase by authorizing it to be applied to certain annuities commencing after the effective date of the increase if this will result in a higher annuity.

4. The effect of this provision would be to increase the amount of annuity for certain annuitants and to the same extent increase the liability of the retirement fund, but perhaps more important it would eliminate existing incentive for retiring by a certain date in order to be eligible for a known cost-of-living adjustment.

5. Apparently, a similar provision was considered and rejected by the Senate Foreign Relations Committee in connection with S. 2003. Military retirement rules were similarly liberalized by no longer making eligibility for cost-of-living adjustments solely dependent upon the date of retirement (P. L. 90-207).


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